

25 MAY 1977

1. There are two basic approaches to the reorganization of the Intelligence Community: the bold approach and the incremental approach.

2. The Bold Approach: The bold approach is premised on the assumption that optimum coordination of our national intelligence activities is of greater importance today than heretofore because:

a. Our marked superiority in military strength 30 years ago has changed to a near parity, thus placing greater need on good military intelligence to direct our military preparations and to conduct military affairs.

b. Our worldwide dominant economic position has changed to one of interdependence, thereby placing a higher premium on economic intelligence.

c. The pace of technological change is such that bureaucratic fragmentation and parochialism can endanger the development of intelligence tools most appropriate to our national needs in the future.

d. That the sources and techniques of collecting intelligence have multiplied to the extent that close integration of them for purposes of both efficiency and economy is difficult under the best of circumstances.

e. The national sensitivity to conducting intelligence operations in as ethical and legal a manner as possible requires centralized control to avoid even inadvertent and unintentional deviations.

The bold approach, then, treats the present circumstance much like that in which the Department of Defense was created out of the Departments of War and Navy; or the Department of Health, Education and Welfare was carved out of other departments; or the Department of Energy is being created. It would create a Department of Foreign Intelligence with direct operational control of the principal sources of collecting intelligence and a principal organization for analyzing intelligence; and coordination authority over subsidiary collecting and analytic organizations. It would perforce separate the Secretary of Foreign Intelligence from the position of Director of CIA.

~~CONFIDENTIAL~~

3. The Incremental Approach: This approach would acknowledge that dramatic organizational change would meet stiff bureaucratic resistance and be debilitating to immediate effectiveness. It would build on the fact that when the Secretary of Defense and the DCI are men of good will and cooperate with each other the present system can be made to work. It would provide an increment of enhancement of the authority of the Director of Central Intelligence over the entire Intelligence Community by:

a. Making him responsible for the submission and apportionment of the budgets of the principal sources of collection of intelligence and a principal analytic organization.

b. Afford to the Director of Central Intelligence the authority to hire and fire the key managers of the principal sources of collection and a principal analytic organization.

c. Provide the Director of Central Intelligence an Inspector General for the overall Intelligence Community with requisite powers of inspection.

Under this incremental arrangement, it would be difficult to divorce the Director of Central Intelligence from the Director of the CIA in that it would leave the Director of the CIA as a second or third line subordinate to the DCI, but the other principal collection and analytic agencies as subordinates of a Cabinet officer, thus seriously downgrading the position of the CIA. It would also seriously weaken the DCI's control over analytic and collection of resources with no compensatory increases. In short, fulfillment of the CIA's assigned role requires that it be placed more in a position of parity with the corresponding agencies in the Department of Defense. It is probable, however, that over time the incremental approach would lead to the bold solution de facto if not de jure.

cc



} in draft

~~CONFIDENTIAL~~